

Meeting Minutes Summary

November 2023

Chairman of the Board, Joseph H. Spalding, called the meeting to order.

After roll call, it was noted that the following directors were present either in person or via video/phone conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
Lou Kerrick	Allen Goggin
Jason E. Todd	Bill Peyton

Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean.

I. PRAYER

Mr. Kerrick opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick gave a safety moment on the perils of distracted driving. Federal statistics reveal 3500 or more people are killed each year and over 1000 people are injured each month as result of distracted driving.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda for review. Mr. Todd made a motion to approve the agenda and added an additional matter for the executive session. Mr. Carter will address this matter, in addition to the CEO evaluation. Mr. Preston seconded the motion and the motion passed unanimously.

IV. REVIEW OF OCTOBER 27, 2023 MINUTES

The Board reviewed the minutes of the October 27, 2023, Board Meeting. Mr. Peyton made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

V. REVIEW OF OCTOBER 27, 2023 SUMMARY MINUTES

The October 2023 summary minutes were reviewed. Mr. Preston made a motion to approve the summary minutes of the October 2023 board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

VI. DEPARTMENT REPORTS

Departments

The minutes will reflect that each of the respective department heads have in the past and will continue to provide summaries of monthly activities, budgets, and other commentary, all to be included in a packet distributed to each of the Directors prior to the meeting. For November 30, 2023 meeting, each of the respective departments presented a summary of their activities included in the board packet of each of the Directors of the Cooperative.

A. Finance and Administration – October operating revenues were down \$516,000 from last year and purchase power was down \$284,000. Operating expenses are \$40,000 lower than last year. The budget for October 2023 projected negative margins of \$183,000. The actual margins were only negative \$30,000. For October 2023 OTIER was .63 and TIER was .08. Year to date margins were just under \$816,000. Year to date OTIER is 1.39 and TIER is 1.59.

A review of the approximate quarterly interest rates was compared between October and November of 2023. Rates over the respective maturities were all lower for November.

Ms. Kurtz presented data on returns on investments of the Cooperative.

The finance report ended with a review of the Form 7 report.

B. Office Services – Ms. Stocker advised that 20 accounts were overdue and older than July 1, 2023 and that total was \$3,426.86. Ms. Stocker noted there were 291 accounts delinquent with a total outstanding balance of \$78,939.13 through November 2, 2023.

There were four accounts collected with a total of \$1,719.74 with commissions of approximately \$429.93. The year-to-date collections for the on-line utility exchange total \$18,878.48 with commissions paid of \$4,688.25. She referenced her miscellaneous and personnel information presented in her report.

The Business Membership Certificate revisions were presented and approved by the Board with a motion by Mr. Goggin and a second by Mr. Todd. The motion passed unanimously.

C. Operations – Mr. Phelps gave his monthly report. Activity and the plant account included 519 new work orders in October, with new construction totaling approximately \$660,703.00. There were purchases of \$279,492.00 and 130 poles and 23,446 feet of conductor were added to the plant. The report noted that staking was underway for new line extensions and the engineers were continuing to learn how to use the new software system. The current status of field inventory was discussed, and the Peyton Store section is soon to be finalized with work

continuing at the Sulfur Creek Substation. Mr. Phelps noted Charter was billed for just under \$1,700,000.00 for joint use make ready on pole replacements. Of that bill Charter paid \$1,554,085.

An update was given on the construction work being carried out throughout the Cooperative between the Cooperative crews and contract crews.

The right-of-way clearing for the 2023 cycle and spraying work is complete. The cycle cost totaled \$2,052,999 and spray cost totaled \$238,978. Maintenance of the right of way was \$157,284 for a grand total YTD cost for ROW clearing and maintenance of \$2,449,261.

D. Member Services – Mr. Hitchcock was on vacation and Mr. Carter presented his report. Images and an update on the construction of the new distilling building at Pernod Ricard were presented. The construction of the distilling building set some records on the size of the concrete walls of the building. Those walls were poured and set onsite by a large crane.

E. Executive - Mr. Carter displayed images of various board and employee work anniversaries. Mr. Bill Peyton has been a board member for 28 years, Mr. Bach has been working for the Cooperative for 26 years. He also presented a spreadsheet which provided a summary of the ongoing construction projects throughout the service territory. That summary comprised a review and comparison from 2013 to 2023.

1. Corporate Services – Mr. McGuffey was not present for the meeting and Mr. Carter gave his report. He displayed an image of a bridge failure that happened after a work truck crossed the bridge. The accident has been turned into Federated for claim adjustment.

2. Information Technology/Cyber Security Update – Mr. Bach advised there had been a recent issue with clicking emails and/or attachments that are phishing or have links to sites that can harm the cooperative. To date no known data has been compromised. Continued diligence in identification of phishing emails or other improper links is needed to avoid any exposure to the Cooperative's computer systems. He displayed a graph that shows attempts and failures of the staff relating to last month's system usage.

3. CRC Voting Delegates.

Chairman Spalding solicited a nomination for the voting delegate and alternate delegate at the upcoming CRC conference. Mr. Kerrick nominated Chairman Spalding to be the delegate and Mr. Preston to be the alternate delegate. Mr. Goggin made a second to the motion which passed unanimously.

VIII. PRELIMINARY 2024 BUDGET PRESENTATION

Ms. Kurtz had provided the board and staff with a copy of the preliminary budget with all the background and data that supported the information contained in the report. She and the Board reviewed each of those items and questions regarding various aspects of the

preliminary budget. Ms. Kurtz advised that any additional changes will be presented to the Board for consideration and approval of the final budget for 2024 at the December board meeting.

IX. LEGAL /REGULATORY/POLICY –

A. Policy 201- Mr. Carter presented the revisions to the policy and asked the Board to review and approve the amended policy. Motion to approve changes was made by Mr. Kerrick and a second from Mr. Peyton. After discussion, the motion passed unanimously.

X. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter gave an update on the status of the annual calendar and listed the schedule of upcoming months. One addition in the early part of the year was for the Board to review the forms for the CEO evaluation..

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators.

XI. COMMITTEE REPORTS

A. Governance

1. Board Self-Assessment – the Board delivered all of the self-assessment forms to Chairman Spalding. Those will be summarized and distributed to the Board for review and consideration.

2. Board Attorney Review – Chairman Spalding requested that all of the forms for the attorney review be delivered to him for review and discussion at the December 2023 regular board meeting.

XII. EKPC

Chairman Spalding gave an update on the EKPC Board meeting held last month. Denver York visited with the Board and provided an update on the status of the transmission system for EKPC. Other discussion items included ash reclamation, gas/solar projects, and some battery storage development.

XIII. KEC/UUS

Mr. Todd advised of various issues discussed at the KEC meeting which was held on November 14, 2023. Mr. Perry discussed PSC on two rate cases and subsidiaries and how the PSC managed those issues. The subsidiaries were considered as part of the rate case when it did not traditionally include those activities. Streamline cases typically only focus on OTIER which does not include revenue from subsidiaries. He also advised that KEC was doing a lot of business with adjacent states and UUS growth is very positive. Revenue has increased

dramatically in the last few years. Current revenue was over \$20,000,000. Sales of transformers to non-cooperative members totaled 300 in 2022 and rose to 8,800 as of early November 2023. These sales were to entities that are not cooperative members. The Legislative reception is set to be held February 21, 2024 at the Foundry in Frankfort, Kentucky. The last meeting included a very positive evaluation of the current CEO, Chris Perry. The Board gave overwhelming approval of the performance of Mr. Perry.

XIV. NRECA

A. Board Governance

Participants in the video discussed various aspects dealing with the drafting of board meeting minutes.

B. PowerXChange is set to take place March 1-6, 2024, in San Antonio, Texas. Deadline for reservations is January 10, 2024. Motion by Mr. Kerrick and second by Mr. Goggin to approve of Mr. Preston's attendance at the seminar. Motion passed unanimously.

C. NRECA 2024 Annual Convention

Mr. Peyton nominated the voting delegate to be Chairman Spalding and alternate delegate as Mr. Preston for 2024 national and regional meetings. A second was made by Mr. Goggin. Motion passed unanimously.

XV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XVI. RUS-CFC-COBANK NEWS/UPDATES

A. CFC Financial Workshop is scheduled for January 22-23, 2024 at Embassy Suites Coldstream, Lexington, Ky. Chairman Spalding advised any board member wishing to attend and participate needs to give Ms. Coleman notice as soon as possible.

XVII. CAPITAL CREDIT DISBURSEMENTS

For October 2023 there was \$0 in estate retirements. There were no retirements due to computer software system conversion.

XVIII. WORK ORDERS FOR OCTOBER

A. Work Order #202310 - \$651,764.73

Mr. Todd made a motion to approve the work order as stated. Mr. Peyton made a second to the motion. The motion passed unanimously.

XIX. APPROVE NEW MEMBERS FOR SEPTEMBER 2023

A. 105 New Members

B. \$5,250 in membership fees were paid.

Mr. Peyton made a motion to approve the new members and the amount of fees stated, which was seconded by Mr. Goggin. The motion passed unanimously.

XX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman.

Chairman Spalding entertained a motion to reschedule two upcoming board meetings. Mr. Peyton moved to reschedule the December 2023 meeting to Thursday, December 28th at 8:30 a.m. and the May meeting to Friday May 31, 2024, at 8:30 a.m. Mr. Goggin made a second to the motion and the motion passed unanimously.

Chairman Spalding suggested anyone wishing to have an item placed on the agenda for upcoming board meetings do so by providing the same to Ms. Coleman.

XXI. OTHER BUSINESS

None.

XXII. EXECUTIVE SESSION

A motion was made by Mr. Todd for the Board to enter into executive session for the purposes of personnel evaluation of the CEO and a separate matter regarding employment issues for the Cooperative as a whole. A second was made by Mr. Goggin and passed unanimously.

A motion was made by Mr. Kerrick for the Board to return from executive session to the regular monthly board meeting. The motion was seconded by Mr. Peyton and unanimously approved. The Board reported a very favorable evaluation of Mr. Carter, and a salary increase was proposed. Mr. Todd made a motion and Mr. Kerrick seconded the motion. After discussion, the motion passed unanimously. That summary of the evaluations of each board member and the salary adjustment will be placed into Mr. Carter's personnel file. The salary adjustment shall be effective January 1, 2024.

The Board considered the proposal from Mr. Carter regarding the Cooperative employees. Mr. Preston made a motion to accept the proposal. Mr. Kerrick seconded the motion and the motion passed unanimously.

XXIII. ADJOURN